

## Production Decisions

**Directions:** In order to make wise business decisions regarding production, complete the chart below, then answer the questions.

At a Price of	Units Produced & Sold	Total Fixed Cost	Fixed Cost Per Unit	Total Variable Costs	Variable Cost Per Unit	Total Costs	Total Cost Per Unit	Total Sales (in \$)	Net Profit (or Loss)
\$10	25	\$50		\$75					
\$8	35	\$50		\$100					
\$7	50	\$50		\$160					
\$6	70	\$50		\$210					
\$5	90	\$50		\$250					
\$4	100	\$50		\$350					

**Questions:**

1. At what level of production is the net profit greatest?
2. Why would a company continue production beyond the most profitable point?
3. How might improvements in productivity or marketing affect the chart above?